

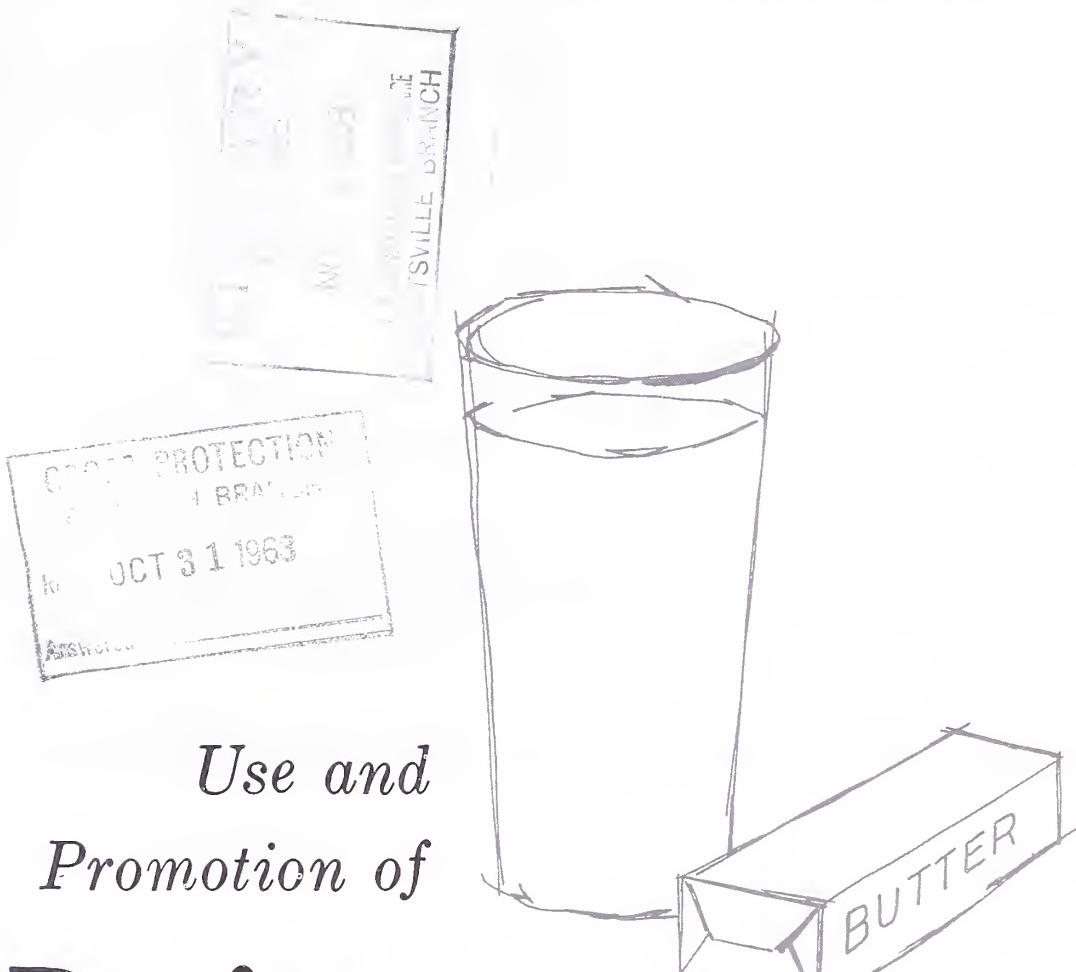


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MARKETING RESEARCH REPORT NO. 626



*Use and
Promotion of*
Dairy Products
*in Public
Eating Places*

PREFACE

This study is part of a broad program of research designed to aid in expanding markets for farm products. Market expansion is particularly needed for dairy products in view of the persistent gap between production and consumption. Public eating places are a significant force in the distribution of food and are strategically located to influence the market for individual products. This report attempts to evaluate the role of public eating places in the distribution of dairy products and to assess the problems and opportunities of expanding demand in these outlets by means of improved merchandising and promotional practices.

Basic data for this study were collected by National Analysts, Inc. of Philadelphia, Pa., under contract with the U. S. Department of Agriculture. Mr. Ben Owens prepared the contractor's report submitted to the Department.

We are indebted to Mr. Mardy Myers, Economic Research Service; Dr. E. A. Perregaux, Connecticut Milk for Health, Inc.; Dr. G. G. Quackenbush, American Dairy Association; and Mr. Donald Greenaway, Mr. Terry Radigan, and Mrs. Gertrude Brewster, National Restaurant Association for valuable assistance in the development of this study. They also helped in preparing the questionnaire used in the survey.

The study was conducted by the Market Development Branch, Dr. William S. Hoofnagle, Chief. It was conducted under the direction of Dr. Peter L. Henderson.

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August 1963

SUMMARY

This report gives the results of a survey of public eating places in and around the areas of Hartford, Conn. and Indianapolis, Ind., relative to merchandising and promotional practices employed for dairy products. The survey was made to obtain information the dairy industry can use to strengthen its promotional activities in public eating places.

Data indicated that restaurant managers did not feel milk was as important in their operations as coffee or soft drinks. The respondents reported that milk and hot tea were carried primarily as a service to customers more often than coffee or soft drinks. Even a significant proportion of the establishments which sold substantial quantities of milk indicated they carried the product primarily as a service. The management of only a few establishments in each market viewed milk as a traffic builder for other sales. This general attitude of managers toward milk partly stems from their view of the margins obtained from its sales. Coffee was the beverage most frequently mentioned as a traffic builder.

The survey indicated that managers characteristically underestimated milk margins and that the actual margins received were higher than generally thought. Furthermore, a cost analysis indicated that the margins obtained from the sales of milk were competitive with other beverages.

The findings suggested that the menu, a primary demand creation device in restaurants, was not being fully utilized for milk. Twenty-four percent of the establishments in Hartford and 30 percent in Indianapolis did not list milk on the menu. When milk was listed it was primarily as a separate item and not with meals. On menus listing milk with meals, more than half in Hartford and nearly three-fourths in Indianapolis made an extra charge for it.

Contrary to some industry opinions, results indicated that difficulty in serving milk is not a real problem in getting restaurant personnel to promote its sales. In Hartford, milk was rated easiest to serve more frequently than any of the other beverages. In Indianapolis milk was rated as second easiest to serve. It should be noted, however, that these ratings were given by management and may differ somewhat from those of waitresses.

Although over one-half of the respondents reported promoting sales of products by suggesting their specific purchase to customers, practically none had suggested the purchase of milk.

Another form of on-premise promotion used by public eating places was the display of various kinds of promotional materials. Roughly half of the establishments in both markets indicated that suppliers of various food commodities had furnished them with some type of promotional material. Almost 70 percent in Hartford and about 80 percent in Indianapolis said they used some of the materials supplied them. Wall and window signs were the materials most frequently used.

Heavy competition can be expected from other beverages for display space of promotional materials in eating places. The survey showed that about two-thirds of the establishments in Indianapolis who received promotional material said it was furnished by suppliers of other beverages. Roughly one-third of those in

Hartford gave a similar answer.

Some form of media promotion was used by 35 percent of the eating places in Hartford and 43 percent in Indianapolis. Newspapers were used most often followed by radio and handbills. When asked their opinion of cooperative advertising, only about 10 percent in Hartford and 7 percent in Indianapolis stated positively that they would welcome such an arrangement. Recipe and menu suggestions appeared to hold promise as a means of increasing the use of dairy products. About one-half of the respondents in both markets indicated that they were interested in and would like to receive recipe and menu suggestions.

The two markets differed significantly in the type of spread used. The principal spread offered customers was butter in Hartford and margarine in Indianapolis. Also management of establishments in Hartford generally did not charge for extra pats of butter while about one-fourth in Indianapolis did.

Ice cream was carried by roughly two-thirds of the establishments in both markets. In the majority of cases ice cream was offered as an à la carte item on the menu. It was not listed on the menu by about one-fourth of the establishments in Indianapolis and 15 percent in Hartford.

Availability of product in eating places may be a basic problem in increasing demand for cottage cheese as over one-half of the establishments in Hartford and about one-third in Indianapolis did not carry the product. When it was available, it was primarily listed on the menu as a salad in combination with fruit or vegetables or as a choice of salad with meals.

Cheese other than cottage cheese was carried by practically all establishments in both markets and it also was listed on the menu, most often in conjunction with sandwiches.

Sour cream was not served to a great extent in either market. It was used by 11 percent of the establishments in Hartford and 17 percent of those in Indianapolis. It was served most frequently with baked potatoes or as a salad dressing. Use of sour cream was related to size of establishment although there were many larger eating places that did not use it.

Respondents were asked to indicate the quantity of selected dairy products used in the week preceding the survey to establish the significance of public eating places as outlets for dairy products in terms of farm income. Based on the data, it is estimated that in the week preceding the survey, the farm value of milk, butter, cheese, ice cream, and coffee cream used by public eating places amounted to approximately \$29 thousand in Hartford and \$34 thousand in Indianapolis.

In Hartford butter and milk accounted for the major share of the total farm value of dairy products used, each accounting for roughly 30 percent of the total. A quite different situation was observed in Indianapolis. While milk accounted for about 35 percent of the farm value of dairy products used, butter was far less important--accounting for only 18 percent. Difference in the relative importance of butter in the two markets is the result of the varying uses indicated earlier. In Hartford 90 percent of the establishments offered customers

"butter only" with meals while only 40 percent did in Indianapolis. In contrast to Hartford, cheese and ice cream in Indianapolis were almost as important as butter.

USE AND PROMOTION OF DAIRY PRODUCTS
IN PUBLIC EATING PLACES

By Wendell E. Clement, Agricultural Economist
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INTRODUCTION

Market expansion for dairy products is becoming more critical as the gap between production and consumption continues. For more than a decade, per capita consumption of dairy products on a milk equivalent basis has trended downward, declining from 768 pounds in 1947 to 640 pounds in 1962. 1/ Because of this trend the U. S. Department of Agriculture has had to purchase substantial quantities of dairy products under the price support program. During the past 9 years, annual net expenditures for dairy products have averaged about \$328 million. More recent estimates indicate that in the fiscal year 1961-62 annual net expenditures approximated \$603 million. 2/

In view of these surpluses, the dairy industry is keenly interested in strengthening the market for its products through self-help efforts. Dairy farm groups are currently spending about \$25 million annually for advertising and other forms of promotional activity. The bulk of these expenditures has been allocated to direct consumer advertising with a smaller proportion being spent for promotional activities in public eating places. The industry is interested in expanding and strengthening its promotional programs in public eating places because these establishments, with annual sales of \$12 billion are significant outlets for food. It is estimated that about 25 percent of the consumer food dollar is spent in public away-from-home eating places.

As an important outlet for food, restaurants can significantly influence market demand for individual products. Consumer choice and ultimately market demand is affected by the manner in which products, including dairy items, are integrated into the overall operation of the restaurant. The price structure for dairy products, the manner and frequency of offering them to consumers, and the attention they are given in the restaurants' promotional activities all influence consumer demand.

Present indications are that much improvement can be made in the merchandising of dairy products in restaurants. This is suggested from the results of a nationwide consumer survey in which each person was asked to recall his beverage consumption during the previous 24-hour period.

The following breakdown of replies shows the percentage of milk consumed in selected outlets by consumers during this period. 3/

1/ Dairy Situation, U. S. Dept. Agr., Economic Research Service, p.20. Nov., 1962.

2/ From unpublished computations by Agricultural Stabilization and Conservation Service, U. S. Dept. Agr.

3/ From Dairy Promotion Topics, American Dairy Association, Nov.-Dec., 1962, p. 6.

Where consumed	Percentage of total consumption
At home	86.6
School	8.1
Commercial establishment	1.7
Place of work	1.6
Other persons home	1.0
Brought from home	.6
Miscellaneous	<u>.4</u>
Total	100.0

This study showed that 13 percent of the milk consumed was away from home and only 1.7 percent was consumed in commercial eating establishments. The industry feels that if it can improve the merchandising of dairy products in restaurants, a substantial stimulus to sales and a significant decline in the surplus could be expected.

The purpose of this study is to provide the dairy industry with an exploratory profile of the merchandising practices employed for dairy products in public eating places. Such an analysis is intended to furnish background information which the industry can use to improve and strengthen its promotional activities in these types of outlets.

PROCEDURE

The primary data for this study were obtained from personal interviews with managerial employees from a sample of public eating places in and around the cities of Hartford, Conn., and Indianapolis, Ind. One hundred interviews were completed in each market. In Hartford the sample was selected from establishments located in Hartford City, East Hartford, West Hartford, Newington, Windsor, Bloomfield, and Wethersfield. In Indianapolis the sample was selected from among establishments located in Marion County. In each market a probability sample of public eating places was selected using records of city and county health departments. The types of establishments in the sample include regular restaurants, lunch counters, cafeterias, and drive-ins. The latter were excluded from the Hartford sample because they are practically nonexistent in that market. Excluded from both samples were dairy outlets, hotels, and establishments primarily selling liquor. All size categories were included with total sales volumes, ranging from less than \$10,000 annually to more than \$250,000.

Each interview was conducted with the owner, manager, or a person of similar managerial capacity to insure that the most authoritative information possible was obtained. Where necessary, up to three callbacks were made on each respondent to minimize the substitution of alternate respondents. Interviewing was conducted in November 1961.

The estimated population of the areas sampled is 340,000 in Hartford and 698,000 in Indianapolis. In both markets, manufacturing and wholesale and retail trade provided the major sources of employment. Roughly one-half of the labor force in each locality was classified as white-collar workers. Median family income was \$7,187 in Hartford and \$6,600 in Indianapolis. During the period of the survey, the unemployment rate in both markets was approximately 4 percent.

FINDINGS

Merchandising and Use of Fluid Milk and Other Beverages

This section presents information on current merchandising and use of milk and other beverages in Hartford and Indianapolis restaurants. It also examines the effects of some of these practices on sales. Other beverages include coffee, hot tea, and soft drinks. The aim is to provide a picture of the competitive status of milk and to indicate problems that are likely to be encountered in seeking improvements.

The market for milk in restaurants.--Respondents were asked to supply data on the quantity of fluid whole milk used in the week preceding the survey to assess the significance of public eating places as market outlets. In some instances respondents had to estimate the quantity used because records were not readily available.

The quantity of milk used per week per establishment was similar in both cities--about 26 gallons in Hartford and 27 gallons in Indianapolis (table 1). For the total market area, milk usage was over 15,000 gallons per week in Hartford and over 29,000 gallons per week in Indianapolis. Higher total usage in Indianapolis resulted from a combination of a larger number of public eating places in the market and slightly higher sales per establishment.

These data indicate that in Hartford, public eating places provide a market outlet for fluid whole milk amounting to almost \$8,000 per week in farm income.
4/ In Indianapolis it is estimated that milk sold through restaurant outlets provides a weekly income to farmers of about \$11,000. 5/

Drive-in establishments were particularly significant in the quantity of milk used. On a per establishment basis, milk usage was more than twice as high in drive-ins as in any of the other establishments. This high level of usage might be partially attributed to the high volume of traffic these establishments generate from teenagers and families with small children. Teenagers, perhaps, would account for considerable consumption of milk in the form of milk shakes. Drive-in eating places were practically nonexistent in the Hartford market.

4/ This estimate is based on a price of \$5.94 per hundred pounds which approximates the average price Connecticut producers received for class I milk in 1961.

5/ Estimate based on the 1961 average price of \$4.54 per hundred pounds received for class I milk by producers serving the Indianapolis market.

Table 1.--Sales of fluid whole milk during a one-week period by public eating places in Hartford and Indianapolis

Type of establishment	Hartford			Indianapolis		
	Average per estab.	Total sales	Percentage of total	Average per estab.	Total sales	Percentage of total
	Gallons	Gallons	Percent	Gallons	Gallons	Percent
Restaurant not serving liquor.....	39.6	1,188	7.8	43.2	7,906	27.0
Restaurant serving liquor.....	13.1	3,223	21.1	13.1	3,511	12.0
Lunch counter:	34.2	8,755	57.5	17.1	7,182	24.6
Cafeteria....	43.2	2,074	13.6	40.2	6,271	21.4
Drive-in.....	----	----	----	95.5	4,393	15.0
All estab....	26.3	15,240	100.0	27.3	29,263	100.0

Lunch counters were the most important outlets for milk in Hartford and accounted for about 58 percent of the total market.

The data also indicate that restaurants not serving liquor sell substantially more milk per establishment than do those who serve liquor. The two markets differed significantly in this respect as restaurants in Hartford carried liquor far more frequently than did those in Indianapolis.

Another point of contrast between the two markets was the higher price received for milk by eating places in Hartford. About 80 percent of the establishments in Hartford received more than ten cents per serving for milk while only 65 percent of the eating places in Indianapolis charged more than 10 cents. Overall the average price received per serving was about 15 cents in Hartford and 12 cents in Indianapolis.

Attitude of management toward milk.--Part of the study was designed to find out how restaurant operators felt about milk in relation to other beverages because their attitudes would influence their willingness to improve merchandising practices. Managers were asked in which of the following ways they primarily viewed milk, coffee, hot tea, and soft drinks: (1) As an important source of income, (2) as a traffic builder for other sales, or (3) as a beverage carried primarily as a service to customers. A majority of those interviewed in both cities replied that all beverages were carried primarily as a service to customers (table 2). But milk and hot tea were mentioned in this category more often than were coffee and soft drinks. For milk the proportions were

65 percent in Hartford and 76 percent in Indianapolis. Even a substantial proportion of the establishments who sold substantial quantities of milk indicated they carried the product primarily as a service to customers.

Table 2.--Percentage of establishments using specified beverages by reason and city

Reason for using	Milk	Coffee	Hot tea	Soft drinks
	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>
Hartford				
Source of income.....	25.6	30.6	25.7	41.5
Traffic builder.....	9.0	19.3	7.6	6.8
Service to customers....	<u>65.4</u>	<u>50.1</u>	<u>66.7</u>	<u>51.7</u>
Total.....	100.0	100.0	100.0	100.0
Indianapolis				
Source of income.....	21.4	17.2	15.1	45.8
Traffic builder.....	3.2	24.0	9.1	7.9
Service to customers....	<u>76.0</u>	<u>61.2</u>	<u>79.2</u>	<u>47.2</u>
Total 1/.....	102.4	100.6	103.4	100.9

1/ Percentages add to more than 100% because of multiple answers.

All of the beverages in Hartford received a higher rating than milk as a source of income. In Indianapolis, milk ranked second among the other beverages as a source of income. More specifically about one-fourth of the managers in Hartford and one-fifth in Indianapolis think of milk in this way.

Only nine percent of the respondents in Hartford and 3 percent in Indianapolis viewed milk as a traffic builder for other sales. Coffee was the beverage most frequently thought of in this regard.

These data indicate that restaurant operators tend to look upon milk as being less important in their operations than other beverages, and as a product carried primarily as a service to customers. Overcoming this image is one of the fundamental challenges confronting the industry in its market expansion efforts. While this problem is present to some degree among all types of establishments, it appears to be more prevalent among independents than chains as the latter were more likely to view milk as a source of income rather than as a service to customers.

Margins and competitive price relationships.--The price relationship between milk and other beverages is an important aspect of the market expansion problem and is significant from two points of view. From the viewpoint of the restaurant operator prices charged determine profits obtained from sale of the beverage and thus affects the operator's desire to promote the product. For effective market expansion of milk in restaurants the price charged must not discourage consumer purchases but at the same time it must provide operators with a level of profit that will stimulate their interest in promoting its sale. The price level that achieves the optimal balance between these somewhat conflicting objectives is an unanswered question.

It appeared that prices charged for milk yielded a reasonable profit to restaurant operators. This was indicated in a cost analysis of the margins received on each beverage served. Establishments were asked to furnish cost and related information on each beverage offered consumers to provide a basis for computing the cost per serving. They also were asked to estimate what they thought their margins per serving to be. These estimates were compared with actual costs computed from information provided by each firm.

Cost data were confined to the cost of materials used in each beverage. It was not feasible in a study of this magnitude to obtain information on other cost items such as labor, depreciation on equipment, and overhead. Few eating places could provide information in this detail and it was not possible for the enumerator to personally make an intensive investigation and analysis of each establishment. Thus, the margins discussed represents the difference between the selling price and cost of materials.

Results of the survey indicate that milk is more profitable to restaurants than is generally thought (table 3). Without one exception, proprietors in both cities underestimated the margins actually received from each beverage. Furthermore, the data indicate that the gross margin received from milk compares favorably with margins received from other soft beverages except hot tea. The margins obtained from hot tea were noticeably higher than for other beverages served (table 3). Since coffee and tea, if ordered in connection with full meals, are served to customers in unlimited quantities without charge, milk is more profitable than the results suggest.

Larger establishments received a higher margin on milk than smaller ones primarily because they charged higher prices per serving. The larger establishments received about 15 cents per 8-ounce serving in Hartford and an average of 13 cents per 8-ounce serving in Indianapolis. The price charged per serving in small and medium-sized establishments averaged 1 to 3 cents less than in the larger outlets.

While the prices charged for milk yield a reasonable profit to the firm, not much is known about the effect of prices on the attitudes of consumers and on their purchase behavior. This is suggested by the fact that less than 10 percent of the establishments in either market had experimented with various price levels for milk to determine customer purchase response. The major factors taken into account in establishing the price structure for milk were cost, custom, and competition with no explicit reference to consumer buying behavior. In Hartford, each of the three preceding factors were about equally important in establishing

Table 3.--Actual and estimated gross margins from sale of specified beverages in public eating places, Hartford and Indianapolis

City and beverage	Size of serving	Cost of ingredients	Selling price	Actual margin	Estimated margin
	Ounces	Cents	Cents	Cents	Cents
Hartford:					
Milk.....	8.2	7.0	14.8	7.8	5.8
Coffee.....	6.2	3.7	11.2	7.5	4.2
Hot tea.....	6.3	.8	10.0	9.2	4.0
Soft drinks...	7.9	5.8	14.6	8.8	6.9
Indianapolis:					
Milk.....	8.1	5.7	12.0	6.3	4.7
Coffee.....	6.5	3.2	10.0	6.8	4.4
Hot tea.....	8.0	1.1	10.9	9.8	5.8
Soft drinks...	8.4	5.3	12.0	6.7	5.6

price. In Indianapolis, about 45 percent of the eating places used cost as a basis for determining price, 37 percent mentioned custom, and 17 percent reported that price was determined by competition.

The findings on prices and margins would appear to be significant in two respects: (1) Margins on milk are higher than previously thought and are competitive with other beverages, providing a basis for improving the image operators now have about the product, and (2) Experimentation with varying prices to determine customer purchase reaction may be helpful in expanding demand for milk.

Method of listing beverages on the menu.--The purchase of individual food items and beverages in public eating places is probably influenced to some degree by habit or custom but within limits such purchases are largely unplanned. Therefore, directing the attention of the consumer to a product is an effective means of stimulating its demand. In restaurants the menu plays this important suggestive role. It was noted in the study that milk was not listed with meals as frequently as coffee or tea.

Milk was not offered as "a choice of beverage with meal at no extra charge" by as many respondents as were coffee and hot tea (table 4).

Table 4.--Proportion of respondents listing beverages on menu by method and city 1/

City and method of listing	Milk Percent	Coffee Percent	Hot tea Percent	Soft drinks Percent
Hartford:				
Choice of beverage with meal, no extra charge.....	14	23	22	8
Choice of beverage with meal, extra charge.....	15	13	13	8
Separately.....	60	53	55	46
Not listed on menus.....	25	25	24	44
Indianapolis:				
Choice of beverage with meal, no extra charge.....	9	35	32	9
Choice of beverage with meal, extra charge.....	25	17	25	25
Separately.....	41	47	51	41
Not listed on menus.....	30	14	9	30

1/ Percentages add to more than 100 because of multiple answers.

Of those who did list milk with meals, more than half in Hartford and nearly three-fourths in Indianapolis made an extra charge for it. The most common method of listing all beverages on the menu was as a separate item. Milk was listed this way more often than any of the other beverages in Hartford but not in Indianapolis. Perhaps the most significant finding is that 24 percent of the establishments in Hartford and 30 percent in Indianapolis did not list milk on the menu. In both cities the respondents not listing milk on the menu were most likely to be the smaller independent establishments. Additional investigation among those who did not list milk on the menu did not reveal any real resistance or objection to listing it. This was suggested by the finding that among those not listing milk on the menu over 40 percent in Hartford and 65 percent in Indianapolis mentioned custom as the reason for not doing so. The next most important reason given for not listing milk was that it was not ordered frequently. This, of course, may have been due to not including it on the menu.

It would seem that the full and effective use of the menu as a demand creation instrument is not being fully utilized, as roughly 30 percent of the establishments in both markets do not list milk at all and roughly two-thirds do not list it with meals.

Use of milk dispenser.--Some industry members feel that the milk dispenser can serve as a useful instrument in stimulating sales of milk for the following reasons: (1) Its presence serves as a reminder to customers and suggests the purchase of milk, (2) it provides a medium for displaying other dairy promotional materials, (3) employees are more willing to serve milk because of the relative ease with which it can be drawn from the dispenser, and (4) it represents an effective method of keeping milk cold thereby preserving its greatest taste appeal.

The ownership of milk dispensers was not too widespread. Twenty-nine percent of the establishments in Hartford and about one-fourth of those in Indianapolis owned a milk dispenser. No consistent relationship was found between size of establishment and dispenser ownership. In general, however, chain outlets were more likely to own a milk dispenser than were independents. For the most part, respondents who owned milk dispensers had them located in view of customers so that whatever sales appeal they might have was being utilized (table 5).

At the time of the interview, the interviewer checked the dispenser to determine if it was being used at that time for displaying any kind of promotional materials. About twice as many dispensers in Indianapolis as in Hartford had some type of promotional material, not necessarily dairy, displayed on them. The specific materials displayed were mostly banners in Indianapolis and decals in Hartford.

Respondents in both cities were asked whether they ever used the dispenser to display promotional materials for dairy products. A noticeably higher percentage of respondents in Indianapolis replied affirmatively than in Hartford (table 5). Although about one out of four of the respondents owned milk dispensers, only one-half or less occasionally used them to display promotional materials for dairy products. The problems then in exploiting this medium of promotion are increasing dispenser ownership and obtaining greater cooperation in using them to display the desired promotional materials. One source in the dairy industry indicated that some owners object to decals and other materials because dairy promotion men fail in many instances to followup by supplying a new decal when the original one becomes shopworn or unattractive.

The method of serving milk was also investigated. Some industry members have felt that serving milk from original containers lessens the eye appeal associated with the product. The majority of establishments in Indianapolis served milk in this manner (table 5). This method of serving was almost twice as popular in Indianapolis as in Hartford. Serving milk in original container or in a glass from original container were about equally popular in Hartford. Thus, if the contention is correct that serving milk in original containers is not conducive to impulse purchases, current serving practices by a substantial proportion of respondents, particularly those in Indianapolis, need improving.

Table 5.--Percentage of operators owning dispensers, how used, and method of serving milk, Hartford and Indianapolis

Category	Hartford	Indianapolis
	<u>Percent</u>	<u>Percent</u>
Owns Dispenser.....	29	25
Dispenser located in view of customer.....	90	95
Promotional materials displayed on dispenser.....	31	60
Occasional use of dispenser to display dairy promotional material.....	36	50
Method of Serving Milk (All estab.) 1/		
In original bottle or container....	36	62
In glass from original container...:	38	23
In glass from dispenser.....	29	23

1/ Percentages add to more than 100 because of multiple answers.

Respondents were asked to rank each beverage according to ease of serving to determine if inconvenience was a factor affecting employees willingness to serve milk. In Hartford, milk was rated easiest to serve more frequently than any of the other beverages (table 6). Coffee was rated easiest to serve in Indianapolis and milk second easiest. In both markets respondents who owned milk dispensers tended to rate milk as the easiest beverage to serve. In view of the fact that respondents were aware that the survey was directed toward milk, it is possible that some bias was present in these responses. Even so, these findings suggest that when milk is viewed within the framework of its competitive relationships with other beverages, difficulty in serving milk is not a real problem in promoting its sales in public eating places.

Effect of selected practices on sales.--Some of the establishments were selected for further analysis to determine the relationship between the quantity of milk sold for table and counter use and the operating practice employed. The establishments selected were those falling into one of the following categories: (1) Those serving a small number of meals and snacks but a large quantity of milk; (2) those serving a large number of meals and snacks and a large quantity of milk; and (3) those serving a large number of meals and snacks but a small quan-

Table 6.--Percentage of respondents rating beverages as to ease of serving in public eating places, Hartford and Indianapolis

Rating	Milk	Coffee	Hot tea	Soft drinks
	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>
Hartford:				
Easiest.....	48.2	26.6	.9	23.9
2nd easiest..	37.2	36.9	2.5	21.3
3rd easiest..	12.7	32.7	22.4	30.4
4th easiest..	----	1.9	72.2	22.5
Don't know..	<u>1.9</u>	<u>1.9</u>	<u>2.0</u>	<u>1.9</u>
Total....	100.0	100.0	100.0	100.0
Indianapolis:				
Easiest.....	30.3	39.8	----	28.6
2nd easiest..	40.8	36.6	2.8	18.7
3rd easiest..	20.2	21.2	27.4	33.7
4th easiest..	7.1	.8	68.0	17.4
Don't know..	<u>1.6</u>	<u>1.6</u>	<u>1.8</u>	<u>1.6</u>
Total....	100.0	100.0	100.0	100.0

tity of milk. Alternatively, these three categories of establishments may be thought of as follows: (1) Those who exceeded potential sales of milk or above average; (2) those who attained potential sales or average; and (3) those who fell below potential sales or below average. Data for these establishments were tabulated to determine the proportion in each category who followed selected merchandising practices.

Generally, those establishments who met or exceeded potential sales of milk were more likely to (1) exemplify a favorable attitude toward milk in terms of it being a source of income and traffic builder for other sales; (2) list milk on the menu as a choice of beverage with meal; (3) own a milk dispenser; and (4) have participated in special dairy promotional programs (table 7).

These results generally point to the important role the attitudes and operating practices of restaurant managers play in influencing the level of milk

usage. It appears that a well designed program aimed at improving restaurant managers attitudes and operating practices toward milk would result in a substantial stimulus to sales.

Table 7.--Percentage of establishments following selected operating practices by potential sales achieved, Hartford and Indianapolis

Operating practice	Establishments selling--		
	Above potential sales	Met potential sales	Below potential sales
	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>
Attitude toward milk:			
Source of income.....	17	34	16
Traffic builder.....	6	4	0
Service to customers.....	<u>77</u>	<u>62</u>	<u>84</u>
Total.....	100	100	100
How listed on menu:			
With meal no extra charge.....	25	13	7
With meal extra charge.....	8	22	5
Separately.....	77	62	53
Not listed.....	<u>17</u>	<u>21</u>	<u>35</u>
Total.....	127	118	100
Ownership of dispenser:			
Owns.....	47	54	6
Does not own.....	<u>53</u>	<u>46</u>	<u>94</u>
Total.....	100	100	100
Special dairy promotion programs:			
Participated.....	38	22	16
Not participated.....	<u>62</u>	<u>78</u>	<u>84</u>
Total.....	100	100	100

Merchandising and Use of Other Dairy Products

Butter.--The significance of public eating places as market outlets for butter differed sharply between markets. It was used in varying degrees both as a table spread and for cooking purposes. Also, in both markets, butter experienced some competition from margarine in each of these uses.

In Hartford, public eating places used an estimated 15,000 pounds of butter and margarine combined during the week preceding the survey (table 8). Butter accounted for a substantial proportion of this total--obtaining more than 80 percent of the market. In terms of farm income, public eating places provided a market outlet for butter amounting to an estimated \$8,000 per week.

Table 8.--Quantity of butter and margarine used during a one-week period for table and cooking purposes in Hartford and Indianapolis by type of establishment.

Type of establishment	Table use		Cooking		Total	
	Butter : Margarine		Butter : Margarine		Butter : Margarine	
	Pounds	Pounds	Pounds	Pounds	Pounds	Pounds
Hartford:						
Restaurants not serving liquor.....	508	0	376	420	884	420
Restaurants serving liquor.....	2,835	5	1,908	586	4,743	591
Lunch counter.....	3,366	323	2,216	723	5,582	1,046
Cafeteria.....	<u>533</u>	<u>0</u>	<u>430</u>	<u>958</u>	<u>963</u>	<u>958</u>
Total.....	7,242	328	4,930	2,687	12,172	3,015
Average per establishment.....	12.5	.6	8.5	4.6	21.0	5.2
Indianapolis:						
Restaurants not serving liquor.....	1,546	721	1,255	1,540	2,801	2,261
Restaurants serving liquor.....	1,686	125	592	1,482	2,278	1,607
Lunch counter.....	987	1,560	323	2,124	1,310	3,684
Cafeteria.....	2,159	831	206	2,739	2,365	3,570
Drive-in.....	<u>558</u>	<u>85</u>	<u>70</u>	<u>273</u>	<u>628</u>	<u>358</u>
Total.....	6,936	3,322	2,446	8,158	9,382	11,480
Average per establishment.....	6.5	3.1	2.3	7.6	8.7	10.7

In Indianapolis respondents reported using over 20 thousand pounds of butter and margarine in the week preceding the survey. But unlike Hartford, butter accounted for a much smaller share of the market--about 45 percent. The quantity of butter used is estimated to equal about \$6,000 per week in terms of farm income.

These differences in market share for butter can be traced to contrasts in the operating practices of establishments in Hartford and Indianapolis. The markets differed significantly in the use of spreads for table purposes. In Hartford, 9 out of 10 respondents offered customers butter only with meals while only 4 out of 10 did in Indianapolis. Those establishments that offered "butter only" in Indianapolis tended to be units of chains having the highest sales volume. These differences in practices accounted for the quantity of butter used per establishment for table purposes being nearly twice as high in Hartford as in Indianapolis (table 8).

Butter was also used for cooking purposes to a much larger degree in Hartford than in Indianapolis. Fifty-five percent of the respondents in Hartford compared to only 14 percent in Indianapolis used "butter only" for cooking purposes. As a result respondents in Hartford used about 2.5 times as much butter for cooking purposes as did those in Indianapolis (table 8).

Of the establishments who offered butter to customers as a spread, 25 percent in Indianapolis charged for an extra pat as compared with 7 percent in Hartford. The most frequent charge for extra pats was 3 cents in Hartford and 2 cents in Indianapolis.

Ice cream.--Roughly two-thirds of the establishments in both cities carried ice cream.^{6/} Those not carrying ice cream were most likely to be the smaller establishments. Sales per establishment per week averaged about 12 gallons in Hartford and 13 gallons in Indianapolis (table 9). For the market as a whole total sales were nearly 7,000 gallons in Hartford and about 14,000 in Indianapolis. Farm income from the sale of ice cream through restaurants is estimated to be about \$3,400 per week in Hartford and \$6,649 per week in Indianapolis. In Indianapolis, drive-ins were by far the largest sellers of ice cream on a per establishment basis and accounted for 27 percent of the market. In both markets, lunch counters accounted for a large share of total sales--more than 40 percent.

Establishments in Hartford offered consumers ice cream in substantially greater variety than did those in Indianapolis. About 34 percent of the eating places in Hartford offered customers five or more flavors as compared to only 15 percent in Indianapolis. Only one-fifth of the Hartford restaurants offered customers only a single flavor compared to half of the establishments in Indianapolis. Yet, the data show that the average sales per establishment were practically the same in both markets suggesting that number of flavors offered is not the decisive factor in sales. This hypotheses was further substantiated from an analysis of sales volume by number of flavors carried. In this analysis, the establishments were grouped according to number of flavors offered and volume of ice

6/ The discussion on ice cream does not include sherbert.

cream sold. They were further classified according to total dollar sales to eliminate the effect of size. ^{7/} The results indicate that there is no consistent relationship between number of flavors offered and volume of ice cream sales. For example, in those size establishments with annual sales of \$20-59 thousand, the proportion experiencing a high volume of ice cream sales did not increase as the number of flavors offered increased. This finding also held for the other sized categories (table 10).

Table 9.--Sales of ice cream during a one-week period by type of public eating places in Hartford and Indianapolis.

Type of establishment	Hartford			Indianapolis		
	Average per establish.	Total sales	Percentage of total	Average per establish.	Total sales	Percentage of total
	Gallons	Gallons	Percent	Gallons	Gallons	Percent
Restaurants not serving liquor...	29.2	876	13	12.0	2,191	16
Restaurants serving liquor.....	11.8	2,902	42	1.4	384	3
Lunch counter.....	10.7	2,741	40	15.7	6,604	47
Cafeteria.....	6.9	330	5	6.0	932	7
Drive-in.....	----	----	--	81.4	3,743	27
All establishments:	11.8	6,849	100	12.9	13,854	100

In the majority of establishments offering ice cream, it was handled as an a la carte item on the menu--60 percent in Hartford and 69 percent in Indianapolis (table 11). About one-fourth of the eating places in Hartford listed ice cream both with meals and a la carte while only 5 percent of the establishments did in Indianapolis. Of most significance is the fact that about one-fourth of the establishments in Indianapolis and nearly 15 percent in Hartford did not list ice cream on the menu. Beneficial effects of listing ice cream on the menu was substantiated by cross tabulations of the data which showed that the proportion of establishments not listing ice cream on the menu was highest in the category of low volume ice cream sales.

One of the most significant factors related to ice cream sales is the type of meal served. Sales per establishment were highest in those eating places serving the largest number of snacks. In Indianapolis this relationship held consistently for all types of establishments and to a lesser degree in Hartford.

^{7/} In this analysis the cities were combined to provide a greater number of observations for each category.

Table 10.--Percentage of establishments with high, medium, and low sales of ice cream by size of establishment and number of flavors offered

Size of establishment	Sales volume	Number of flavors offered		
		1-2	3-4	5 or more
		Percent	Percent	Percent
Under \$20,000.....	High	14	26	25
	Medium	49	0	53
	Low	<u>37</u>	<u>74</u>	<u>22</u>
	Total	100	100	100
\$20,000-59,999.....	High	42	23	0
	Medium	35	65	40
	Low	<u>23</u>	<u>12</u>	<u>60</u>
	Total	100	100	100
\$60,000-99,999.....	High	64	11	37
	Medium	36	73	42
	Low	<u>0</u>	<u>16</u>	<u>21</u>
	Total	100	100	100
\$100,000 & over.....	High	74	54	33
	Medium	6	38	52
	Low	<u>20</u>	<u>8</u>	<u>15</u>
	Total	100	100	100

Kind of milk or cream served with coffee--Primarily the mixtures served with coffee were cream, half and half, and whole milk. Over 90 percent of the establishments in both markets used one of these products. But the extent to which each was used varied significantly between markets. Cream was the most important product in Hartford being used by more than one-half of the respondents. The proportion using cream increased with size of establishment. Less than 10 percent of the establishments in Indianapolis used cream with 70 percent serving half and half. In both markets "quality cup of coffee it makes" was the major reason given for serving cream. "Costs" and "customer satisfac-

Table 11.--Percentage of Hartford and Indianapolis establishments in high, medium, and low ice cream use groups that list ice cream on menu in specified ways 1/

How Listed on menu	Hartford			Indianapolis		
	High quantity	Medium quantity	Low quantity	All establishments	High quantity	Medium quantity
	Percent	Percent	Percent	Percent	Percent	Percent
With meals as choice of dessert only.....	2	4	0	3	1	0
As a la carte item only.....	47	66	64	60	68	83
Both with meals and a la carte.....	40	20	11	24	5	4
Not listed on menu.....	11	10	25	14	26	13
Total.....	100	100	100	101	100	100

1/ Percentages add to more than 100 because of multiple answers.

tion" were the dominant influences in the use of half and half.

These serving practices affected the quantities of cream and half and half used. Cream comprised 80 percent of the milk products used in Hartford and only 12 percent in Indianapolis (table 12). It is apparent that these differences in usage can significantly affect farm income--particularly in those markets where cream is sold as a class I product.

Table 12.--Sales of cream and half and half during a one-week period in public eating places in Hartford and Indianapolis by type of establishment

Type of establishment	Hartford				Indianapolis			
	Half & Half		Cream		Half & Half		Cream	
	Average	Total	Average	Total	Average	Total	Average	Total
Restaurant not serving liquor.	0	0	157	4,696	27	4,872	6	1,182
Restaurant serving liquor.....	3	763	40	9,784	13	3,456	2	466
Lunch counter.....	28	7,243	57	14,672	24	10,080	4	1,714
Cafeteria.....	8	378	37	1,784	31	4,856	0	0
Drive-in.....	--	---	---	----	47	2,160	2	98
All establishments.....	14	8,384	53	30,936	24	25,424	3	3,460

The quantity of cream and half and half used in an establishment reflects its importance in sales of coffee. Lunch counters in both markets accounted for the largest share of total sales of cream and half and half and also of coffee (table 12). The markets contrasted sharply in the quantity of cream and half and half used on a per establishment basis--being over two times higher in Hartford. This partly resulted from the fact that average weekly sales of coffee per establishment were 25 percent higher in Hartford than in Indianapolis. Other possibilities are that cream was used to a greater extent for other purposes in Hartford than in Indianapolis, but no definite data were obtained. The farm value of cream and half and half sold during the week preceding the survey was about \$6,000 in Hartford and \$5,000 in Indianapolis.

The data also indicate that more than one-fourth of the establishments in Hartford served whole milk with coffee. About 13 percent served it with coffee in Indianapolis. Generally, the use of whole milk as cream for coffee was more pronounced among the smaller establishments. It should be recognized, however, that small establishments are quite important in the sale of coffee and represent a significant market potential for coffee cream or half and half. Economy

was the main reason these respondents gave for using whole milk.

The relatively few respondents who reported serving condensed or evaporated milk with coffee gave convenience and cost as the chief reasons for doing so.

Cottage cheese.--The use of cottage cheese by restaurants was more widespread in Indianapolis than Hartford. About two-thirds of the restaurants in Indianapolis reported serving cottage cheese compared with 45 percent in Hartford. The proportion of establishments carrying cottage cheese was directly related to size of establishment. In Hartford, the most frequent way of listing it on the menu was as a salad in combination with fruit or vegetables. In Indianapolis, it was listed more often as a choice of salad with meals. About 16 percent in Hartford and 10 percent in Indianapolis did not list cottage cheese on the menu (table 13).

Table 13.--Percentage of eating establishments listing cottage cheese on menu in specified ways, Hartford and Indianapolis 1/

Method of listing	:	Hartford	:	Indianapolis
	:		:	
	:	Percent	:	Percent
Salad in combination with fruit or vegetable.....	:		:	
	:	75	:	30
A la carte.....	:	29	:	21
Choice of salad with meal.....	:	4	:	42
Choice of vegetable with meal....	:	3	:	14
Not listed on menu.....	:	16	:	10
	:		:	

1/ Percentages add to more than 100 because of multiple answers.

Establishments serving cottage cheese offered it rather frequently. Of those who had listed it on the menu in the week preceding the survey, the majority had offered it six times.

It appears that the greatest problem in increasing demand for cottage cheese is obtaining greater distribution and availability. The reason most frequently given for not serving cottage cheese was that there were no calls for it. The convenience aspect and lower labor cost involved in the preparation of cottage cheese may be appeals that can be exploited in attempting to gain wider distribution.

It is estimated that in the week preceding the survey public eating places sold 4.6 thousand pounds of cottage cheese in Hartford and nearly 13 thousand pounds in Indianapolis.

Cheese other than cottage.--Practically all establishments in Hartford and about 94 percent in Indianapolis served some type of cheese other than cottage and they also listed it on the menu. By far, the most frequent method of listing it was in conjunction with a sandwich; next in importance was as a cheese dish; the next most important way was listing it with apple pie with an extra charge (table 14).

Table 14.--Percentage of eating establishments listing cheese other than cottage cheese on the menu in specified ways, Hartford and Indianapolis 1/

Method of listing	Hartford	Indianapolis
	<u>Percent</u>	<u>Percent</u>
Sandwich.....	97	91
In cheese dish, as choice of entree...	47	32
With apple pie, extra charge.....	35	28
With other desserts.....	5	1
Listed in some other way.....	3	8
With apple pie, no extra charge.....	2	3
Not listed on menu.....	1	2
Not served.....	0	6

1/ Percentages add to more than 100 because of multiple answers.

The use of cheese was highly correlated with the number of snacks served--especially in Indianapolis and to a lesser degree in Hartford. This would be expected since most establishments primarily served cheese on sandwiches and with apple pie. Lunch counters and drive-ins were the most important outlets in Indianapolis and together accounted for 63 percent of the total market (table 15). Lunch counters were also important in Hartford, accounting for almost 40 percent of the market.

Total restaurant sales of cheese, excluding cottage, are estimated to be almost 9,000 pounds per week in Hartford and nearly 15,000 in Indianapolis. Farm income derived from the sale of cheese through public eating places in the two markets is estimated to be nearly \$3,000 per week in Hartford and almost \$5,000 in Indianapolis.

Milk other than fluid whole.--The two markets revealed sharp differences in the use of buttermilk. Almost three-fourths of the places in Indianapolis

served buttermilk compared with only 14 percent in Hartford. Skim milk was not popular in either market, being carried by only 10 percent of the eating places in Indianapolis and 5 percent in Hartford. Chocolate milk, on the other hand, was more widely distributed in both markets--58 percent of the establishments in Hartford carried it and 65 percent in Indianapolis (table 16).

Table 15.--Sales of cheese, excluding cottage cheese, during a one-week period in public eating places, Hartford and Indianapolis

Type of establishment	Hartford			Indianapolis		
	Average per establishment	Total sales	Percentage of total	Average per establishment	Total sales	Percentage of total
	Pounds	Pounds	Percent	Pounds	Pounds	Percent
	:	:	:	:	:	:
Restaurants not serving liquor.....	29	870	10	7	1,281	9
Restaurants serving liquor.....	14	3,444	39	10	2,680	18
Lunch counter.....	13	3,328	38	15	6,300	43
Cafeteria.....	24	1,152	13	9	1,404	10
Drive-in.....	--	-----	--	65	2,990	20
All establishments.....	15	8,794	100	14	14,655	100

Condensed or evaporated milk, in addition to being used by a few establishments as a cream for coffee, was also used to a limited extent in food preparation--roughly 13 percent in both markets.

About the same proportion of establishments in both markets reported using nonfat dry milk--roughly 9 percent. All of the users in Hartford said that they were using about the same amount as 2 years ago. In Indianapolis, however, there appeared to be some increase, as about 27 percent indicated they were using more nonfat dry milk than they were 2 years ago. Only 10 percent said they were using less.

Sour cream.--Sour cream was not served to a great extent in either market. About 11 percent of the eating places in Hartford and 17 percent in Indianapolis reported that they served sour cream. The use of sour cream was concentrated in the larger sized establishments and was practically nonexistent in those with annual dollar sales of under \$60,000. Even so, much remains to be accomplished

among the larger establishments to obtain wider distribution of the product.

Table 16.--Percentage of establishments using selected dairy products in public eating places, Hartford and Indianapolis

Product	Hartford	Indianapolis
	<u>Percent</u>	<u>Percent</u>
Buttermilk.....	14	74
Skim milk.....	5	10
Chocolate.....	58	65
Condensed or evaporated....	13	14
Nonfat dry.....	8	10

Almost all of the establishments in Indianapolis who used sour cream served it with baked potatoes. It was also popular as a salad dressing. None of the establishments in Indianapolis reported using it with marinated herring or as a cheese dip. The ways it was used in Hartford, in order of importance were with baked potatoes, marinated herring, as a salad dressing, and as a cheese dip.

Promotional Practices and Potentials

Industry promotional programs through restaurants may take many forms, such as the distribution of point-of-purchase materials, advertising with the restaurant on some kind of cooperative basis, or the development of specific menu ideas incorporating the use of dairy products. This section of the report presents an analysis of present promotional practices and attempts to gauge opportunities for further promotional work.

On-premise promotion.--One method of promotion that a number of eating places used was to suggest to customers the purchase of specific products. Almost half of those interviewed in both cities said that they frequently used this technique. About 28 percent in Hartford and almost 40 percent in Indianapolis said that they never suggested to customers the purchase of specific products. The remaining group indicated that they sometimes or occasionally suggested the purchase of a product.

Practically none of the establishments in either market suggested the purchase of milk. However, 15 percent in Hartford and 11 percent in Indianapolis suggested the purchase of beverages other than milk. The limited emphasis given milk probably stems from the earlier finding that the majority of respondents view milk as a product carried primarily as a service to customers rather than

being a profitable item. Ice cream fared a little better than milk, as about 5 percent of the respondents in both cities indicated it was promoted in this way.

The main reasons given for not suggesting the purchase of specific products to customers, in order of importance, were (1) they did not feel the need for it, (2) a limited variety of things served, (3) the establishment was known for its specialty, (4) in the case of cafeterias, all food was visible and did not require promotion, and (5) people resent being pushed.

Thus, while half of the establishments frequently suggest the purchase of specific products, practically none suggests the purchase of milk. Formulating a rationale which would establish the need for milk promotion by restaurant operators appears to be one of the major problems faced in obtaining cooperation of the establishments.

Competition from other food suppliers also soliciting the participation of public eating places in promotion can be expected. Food suppliers in general appear to have been fairly active in this respect. Forty-one percent of the establishments in Hartford and 55 percent in Indianapolis indicated that food suppliers had offered them some kind of promotional materials. Offers of such materials were mostly concentrated among chains and larger establishments.

The greatest source of competition can be expected from suppliers of beverages other than milk, as 35 percent of the establishments in Hartford who received promotional materials and 68 percent in Indianapolis indicated that they had received them from this source.

Suppliers of ice cream ranked second in importance in Hartford and suppliers of milk ranked second in importance in Indianapolis.

Wall or window signs were by far the materials most frequently offered to public eating places. Decals, overhead banners or streamers, menus, and table talkers were also frequently mentioned.

Suppliers of these materials apparently achieved moderate success in getting the establishments to use them. About 68 percent in Hartford and 80 percent in Indianapolis said that they used some of the materials supplied them. Wall or window signs were the materials most frequently used.

Those establishments that did not use the materials offered gave as reasons "they clutter up the place," "don't like them," "against company policy," "look cheap, not suitable to our place," and "don't want to show partiality."

All respondents were presented a list of promotional materials and asked which ones they would be favorably disposed to using. Again, wall and window signs, decals, and menus received a high degree of acceptance (table 17). Overhead banners and streamers received the lowest degree of acceptance. The percentage who said they would use each of the materials was consistently higher in Indianapolis than in Hartford, indicating greater acceptance of display materials in that city (table 17).

Table 17.--Percentage of eating establishments using specified display materials, if made available, Hartford and Indianapolis 1/

Material used	Hartford	Indianapolis
	<u>Percent</u>	<u>Percent</u>
Decals.....	35	51
Menus.....	40	51
Table talkers.....	31	45
Overhead banners or streamers....	18	40
Wall or window signs.....	45	46

1/ Percentages add to more than 100 because of multiple answers.

Recipes and menus suggestions appear to be an area in which there was considerable interest. Over half of the establishments in Indianapolis and slightly less than half in Hartford indicated they would like to receive menu and recipe suggestions. This might be one important means of gaining wider distribution and acceptance of sour cream and cottage cheese.

Respondents were also asked about their participation in such special promotional programs as "Dairy Month"--an annual affair sponsored by the dairy industry. These special promotional campaigns have had greater impact on restaurant operators in Hartford than in Indianapolis. About one-fourth of the establishments in Hartford indicated that they had participated in this kind of program while only 3 percent had done so in Indianapolis. Participation in Hartford was highest among establishments with annual sales over \$60,000, among units of chains, and in eating establishments with high milk usage.

There did not appear to be any particularly strong resistance by restaurant operators to participating in special promotional programs. The majority in both cities said that they did not participate because they did not know about the program or because they were not asked. Sixteen percent in Hartford indicated they did not want to bother with such a program. Other reasons given in both cities were that their places were not appropriate or they did not sell enough dairy products to justify the extra effort involved. It appears about 50 percent participation in a special promotional program for dairy products is the maximum that can be hoped for.

Media promotion.--It was found that 35 percent of the establishments in Hartford and 43 percent in Indianapolis engaged in some form of media promotion. Newspapers were the medium used most for advertising in both cities. Radio in

Hartford and handbills in Indianapolis were second in frequency of use. Of the specified media, television was reported as being used less frequently than the other media--roughly 5 percent of the respondents in both cities (table 18).

Table 18.--Percentage of public eating places advertising in Hartford and Indianapolis by type of media

Media	Hartford	Indianapolis
	<u>Percent</u>	<u>Percent</u>
Newspapers.....	24	40
Handbills.....	2	19
Radio.....	11	15
Television.....	5	6
Miscellaneous.....	12	13

The most frequent reason given for not advertising was that establishments in Hartford felt their reputations were well established, and establishments in Indianapolis felt that they were too small and did not draw their customers from a wide enough area.

Cooperative advertising has been a technique used by firms to obtain cooperation of the trade in promoting a product. As applied to restaurants, this means that the supplier reimburses the restaurant for a portion of its advertising costs in return for including the supplier's product in the advertisement.

Experience with cooperative advertising was rather limited. In Indianapolis thirteen percent of the establishments used it compared with only 5 percent in Hartford. The bulk of the cooperative advertising that had been done in Indianapolis was performed in cooperation with suppliers of beverages other than milk. Suppliers of ice cream were also mentioned rather frequently as being associated with cooperative advertising arrangements.

There appeared to be rather strong resistance to cooperative advertising in Hartford. When asked their opinion of such an arrangement, about 47 percent of the respondents indicated they were not interested or did not want to be obligated. In Indianapolis, the answer most frequently given was that they had no ideas on the matter or did not fully understand it. Only about 10 percent in Hartford and 7 percent in Indianapolis stated that they would welcome such an arrangement and felt it would be very useful.

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